

Official Statement

CITY OF TURLOCK *City Council,*
Stanislaus County, California

\$2,500,000
1977 Sewer Bonds
(General Obligations)

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Bids to be received by the City Clerk of the City of Turlock at the Turlock City Hall, 900 No. Palm Street, Turlock, California, on Tuesday, January 18, 1977, at 3:00 P.M. (P.S.T.).

CITY OF TURLOCK
Stanislaus County, California

CITY COUNCIL

Enoch S. Christoffersen, *Mayor*

Doyle Hallum
Harold Logsdon

D. Dale Pinkney
Henry Rootlieb

Robert Mack, *City Manager*

Lou Ann Watson
City Attorney
Carl Hillberg
City Treasurer

Vera Sahlstrom
City Clerk
Larrie Sweet
Finance Director

[Stone + Youngberg...]
Publ. debts Munic. Turlock
Investments Public Sewer
Sewage disposal Turlock

PROFESSIONAL SERVICES IN CONNECTION WITH THE 1977 SEWER BONDS

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco*
Bond Counsel

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*
Financing Consultants

Bank of America N.T. & S.A., *San Francisco*
Paying Agent

THE DATE OF THIS OFFICIAL STATEMENT IS DECEMBER 21, 1976

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This official statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., on behalf of the City of Turlock, to supply information to prospective bidders on, and buyers of, \$2,500,000 principal amount of 1977 Sewer Bonds proposed to be issued by the City.

Summaries of the resolution of issuance and other documents and reports contained herein do not purport to be complete or authoritative, and reference is made to such documents on file in the offices of the City for further information concerning legal or technical matters.

This official statement is not to be construed as a contract with the purchasers of the 1977 Sewer Bonds. Except as otherwise stated, the information contained herein has been obtained either from the books and records of the City or from sources which are believed to be reliable, but the accuracy of which is not guaranteed.

Certain legal matters incident to the authorization and sale of the Bonds are subject to the approving opinion of Orrick, Herrington, Rowley & Sutcliffe, bond counsel to the City. Orrick, Herrington, Rowley & Sutcliffe and Stone & Youngberg Municipal Financing Consultants, Inc. will receive compensation from the City contingent upon the sale and delivery of the 1977 Sewer Bonds.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This official statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

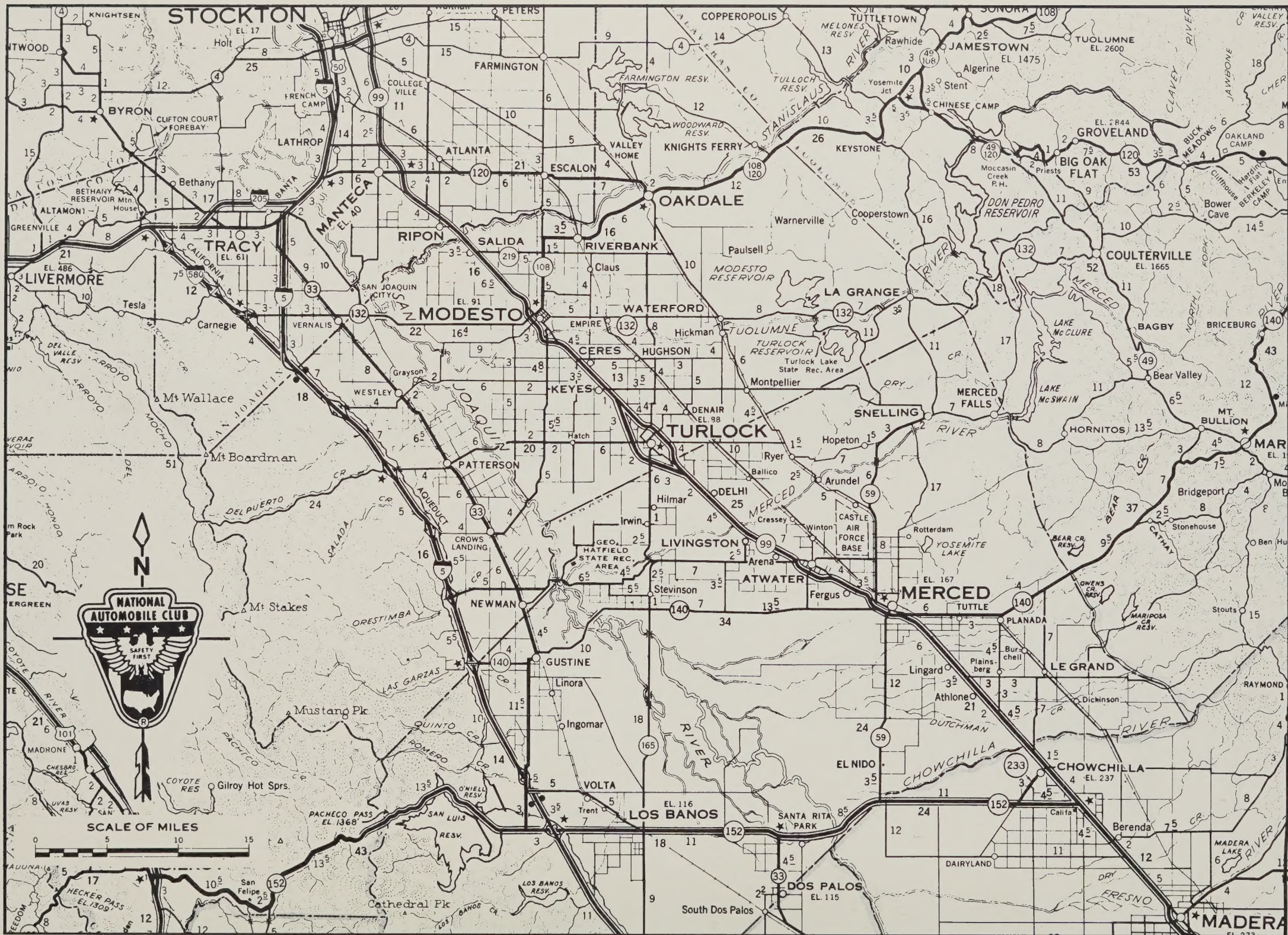
The execution and distribution of this official statement have been authorized by the City.

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Turlock and vicinity.

INTRODUCTION

The City of Turlock, population 18,350, is located in Stanislaus County approximately 100 miles southeast of San Francisco and 90 miles south of Sacramento. The local trade area is estimated to have a population in excess of 40,000. Turlock is in the center of a highly productive agricultural area and has a long history of stability.

Substantial growth in population and assessed valuation has occurred progressively over the years, but without the sudden upsurges that have been characteristic of many California communities. This sound growth pattern is expected to continue indefinitely.

Agricultural production in Stanislaus County has averaged an annual value in excess of \$400 million, ranking the county among the nation's top twenty in farm output.

For many years livestock and animal products have accounted for more than half the total annual gross value of farm production in Stanislaus County. In 1975, milk headed the list, with a gross value of \$88,447,000, followed by chickens, chicken eggs, cattle and calves.

Industrial activity in the Turlock area has been greatly enhanced by agricultural production. Expansion during the last twenty years has been closely related to technological developments in the food processing industry relating to poultry processing, fruit and vegetable canning, food dehydration, and beverages. Inexpensive water, electric power, and the availability of land have attracted an increasing number of nonagricultural industries to the area.

Banquet Foods Corporation is a major frozen food and frozen dinner processor whose products are marketed nationally under the Banquet label. The firm employs 600 people full-time, making it the city's largest employer. Tri-Valley, operating the largest fruit and vegetable cannery in the Turlock area, employs approximately 800 persons during the peak harvest months.

The largest independently-owned turkey processing plant in the United States, Valchris, Inc., has been located in the city for more than 45 years. The company packages and ships turkeys throughout the United States, Europe, and the Near and Far East. Armour Creameries operates a major poultry processing plant which processes and distributes Armour Poultry to the entire west coast, employing 325 on a full-time basis.

Turlock owns and operates the water and sewer systems and good fiscal control has been maintained with moderate tax rates and charges for municipal services. The local tax rate has remained at \$1.22 per \$100 assessed valuation for several years. A high percentage of bond service on currently outstanding bond issues has been met from normal income. No additional tax levy is anticipated to be necessary in connection with this 1977 Sewer Bonds.

The City Council has publicly stated its intention to raise sewer service rates to a level sufficient to preclude any tax levy increase for bond service purposes.

In 1976/77, assessed valuation of the City exceeds \$59,000,000. The total combined tax rate for the largest code area for all purposes for the 1976/77 fiscal year is \$10.97. The net direct and overlapping bonded debt of the City is 7.02 percent of the assessed valuation and the net direct bonded debt is 5.52 percent.

In 1970, the City began a major sewer expansion program by issuing \$2,000,000 of sewer improvement bonds. Continuous improvements to the systems have been carried on since that time, and now the City must initiate a major wastewater treatment plant expansion in order to meet current Federal and State treatment standards.

On November 2, 1976, the voters of the City authorized the issuance of \$2,500,000 of general obligation bonds to fund the City's share of a total estimated project cost of \$15,500,000. Of this total, approximately \$13 million is to be financed by the Federal and State governments.

THE BONDS

Authority for Issuance

The \$2,500,000 principal amount of City of Turlock 1977 Sewer Bonds, described in this Official Statement, are general obligation bonds issued pursuant to a resolution of the City Council of the City of Turlock, adopted December 21, 1976.

Terms of Sale

Bids for the purchase of the 1977 Sewer Bonds will be received at the Office of the City Clerk, City Hall, 900 North Palm, Turlock, California, until 3:00 p.m. P.S.T. on Tuesday, January 18, 1977. Details of the terms of sale are included in the Official Notice of Sale adopted December 21, 1976.

Description of the Bonds

The \$2,500,000 principal amount of bonds will be numbered 1 to 500, inclusive, and will be in denominations of \$5,000 each. Bonds will be dated January 1, 1977, and will be payable on July 1 each year in accordance with the following maturity schedule:

Year	Amount	Year	Amount
1978	\$115,000	1985	\$180,000
1979	120,000	1986	190,000
1980	130,000	1987	205,000
1981	140,000	1988	215,000
1982	145,000	1989	230,000
1983	155,000	1990	245,000
1984	170,000	1991	260,000

Interest on the Bonds for the first year is payable on January 1, 1978, and semiannually thereafter on January 1 and July 1. Both interest and principal are payable at the principal office of the Bank of America N.T. & S.A. in San Francisco, California.

Redemption Provisions

Bonds in the total amount of \$1,345,000, maturing on or before July 1, 1986, are not subject to call or redemption prior to their stated maturity dates.

The \$1,155,000 of bonds maturing on or after July 1, 1987, are subject to call and redemption on any interest payment date beginning July 1, 1986, as a whole, or in part in inverse numerical order at a redemption price equal to the principal amount and accrued interest to the date of redemption, plus a basic premium of three-quarters of one percent, plus one-quarter of one percent for each year or portion thereof from the date of redemption to the maturity date of the bond.

Security

The Bonds are general obligations of the City of Turlock and the City has the power and is obligated to levy ad valorem taxes for the payment of principal and interest on the Bonds on all property within the City subject to taxation by the City (except for certain personal property which is taxable at limited rate) without limitation of rate or amount.

While the Bonds are general obligations of the City, and secured by the full powers of taxation, it is anticipated that income from the City's sewer system and other normal surplus will be adequate to meet all bond service costs for the 1977 Sewer Bonds, including both presently outstanding bonds and this issue. No additional tax levy is contemplated for the purpose of meeting bond service. The City Council has stated its intention of increasing sewer services charges in the near future to a level sufficient to meet bond service.

Legal Opinion

All proceedings in connection with the issuance of the Bonds are subject to the approval of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel for the City of Turlock. The unqualified opinion of Orrick, Herrington, Rowley & Sutcliffe, attesting to the validity of the Bonds, will be supplied free of charge to the original purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

Legality for Investment

The Bonds are believed to be legal investments in California for all trust funds and for funds of all insurance companies, commercial banks, trust companies and state school funds. The Bonds are believed to be eligible as security for deposits of public monies in California.

Purpose and Disposition of Proceeds

The proceeds from the sale of the 1977 Sewer Bonds will be used to finance sewer improvements, as described in "The Project" section of this Official Statement.

Estimated Annual Bond Service

Table 1 presents an estimate of the annual bond

service on the \$2,500,000 1977 Sewer Bonds, based upon an estimated interest rate of 6½ percent per annum.

Registration

The Bonds are to be issued as coupon bonds and will be registrable as to principal only or as to both principal and interest, with the privilege of discharge from registration and re-registration.

Tax Exempt Status

In the opinion of bond counsel, interest on the Bonds is exempt from present federal income and State of California personal income taxes under existing statutes, regulations and court decisions.

TABLE 1
CITY OF TURLOCK
\$2,500,000 1977 Sewer Bonds
Estimated Annual Bond Service

Year Ending July 1	Bonds Outstanding	Principal Maturing	Estimated Interest @ 6½ %	Total Bond Service
1978	\$2,500,000	\$ 115,000	\$ 243,750②	\$ 358,750
1979	2,385,000	120,000	155,025	275,025
1980	2,265,000	130,000	147,225	277,225
1981	2,135,000	140,000	138,775	278,775
1982	1,995,000	145,000	129,675	274,675
1983	1,850,000	155,000	120,250	275,250
1984	1,695,000	170,000	110,175	280,175
1985	1,525,000	180,000	99,125	279,125
1986	1,345,000	190,000	87,425	277,425
1987	1,155,000	205,000①	75,075	280,075
1988	950,000	215,000①	61,750	276,750
1989	735,000	230,000①	47,775	277,775
1990	505,000	245,000①	32,825	277,825
1991	260,000	260,000①	16,900	276,900
		<u>\$2,500,000</u>	<u>\$1,465,750</u>	<u>\$3,965,750</u>

① Callable on or after July 1, 1986.

② Represents 18 months' interest.

THE PROJECT

The City's existing sewerage facilities consist of approximately 50 miles of collection lines, trunk sewers and wastewater treatment facilities. The system, constructed in stages over the past half century, is the result of the City's efforts to meet its wastewater treatment needs resulting from steady population growth and expanding food processing industries.

In 1970, the City undertook a major expansion program utilizing the proceeds of a \$2,000,000 general obligation bond issue, and the growth cycle continues today. The City is not in an ordinary sewage treatment situation in regard to the ratio of plant capacity to population because of the high concentration of food processing which contributes large quantities of sewage to the system.

Because of the abnormally high volume of flow in the system, the City has been notified that it does not meet the present Federal and State standards

of treatment and must expand its plant capacity. The date of July 1, 1977, has been given as a deadline by which the City must have its project under-way.

The plant is being designed to provide treatment for an approximate population of 35,700, as compared to the City's present population of 18,350. The new design capacity of the plant is to be 14.8 million gallons per day, with expansion capabilities when that flow has been reached.

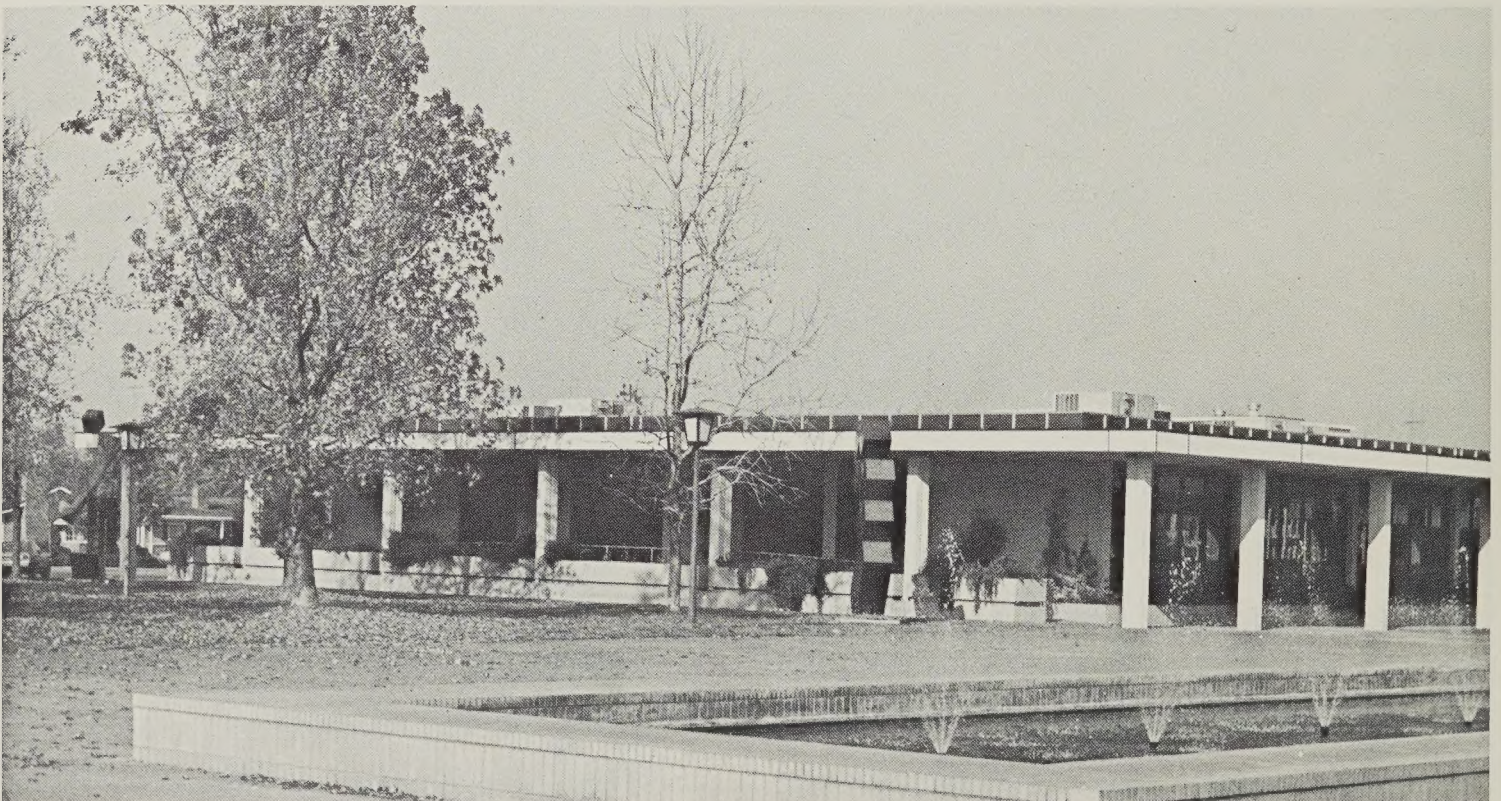
The estimated total cost of the project is \$15,500,000, of which \$13,000,000 is to be provided from Federal and State programs, and \$2,500,000 from the proceeds of this 1977 Sewer Bond issue. The estimated total cost is derived as follows:

TURLOCK WASTEWATER TREATMENT FACILITIES EXPANSION PROJECT

Estimated Costs

Construction	\$12,400,000
Engineering	1,500,000
Contingencies	1,400,000
Legal, Finance, Administrative	200,000
ESTIMATED TOTAL PROJECT COST	\$15,500,000

Turlock City Hall



FINANCIAL DATA

Assessed Valuation

Assessed valuations in the City of Turlock are established by the Stanislaus County Assessor, except for public utility property, which is assessed by the California State Board of Equalization. According to the State Board of Equalization, Stanislaus County assessed valuations for the 1976/77 fiscal year averaged 22.6 percent of full value, while public utility property was reported to be assessed at 25 percent of full value.

Under amendments to the Constitution and statutes of the State of California, two types of exemptions of property from ad valorem taxes became effective for the first time in the 1969/70 fiscal year. The revenue lost by each taxing agency as a result of these exemptions is to be reimbursed to the agency from state funds. Such reimbursement is based upon total taxes which would be due on the assessed valuation of the property subject to these exemptions.

The 1976/77 assessed valuation of the City is shown in the accompanying tabulation.

CITY OF TURLOCK

1976/77 Assessed Valuation

Assessment Roll	Assessed Valuation
Secured Roll	\$40,294,148
Unsecured Roll	5,420,299
Utility Roll	2,733,110
Subtotal	\$48,447,557
Reimbursable Exemptions	10,882,549
Total Taxable Assessed Valuation	\$59,330,106

A five-year summary of the growth in assessed valuation of the City is shown in the following tabulation.

CITY OF TURLOCK

Growth in Assessed Valuation

Fiscal Year	Taxable Assessed Valuation
1971/72	\$37,197,530
1972/73	39,961,745
1973/74	45,851,511
1974/75	51,228,866
1975/76	56,785,272

Tax Rates

City taxes appear on the same tax bill as county and school district taxes, are payable November 1 and March 1, and become delinquent on December 10 and April 10, except taxes on certain properties which are assessed on the unsecured roll. Unsecured taxes are assessed on March 1 and become delinquent the following August 31.

The 1976/77 tax rate levied by the City of Turlock is \$1.22 per \$100 assessed valuation and is comprised as follows:

General Fund	\$0.82
Park and Recreation	0.40
Total	\$1.22

The total tax rate varies slightly between code areas, but the tax rate of the largest code area in the City, 7-00, for 1976/77 is \$10.97 per \$100 assessed valuation, comprised as follows:

Stanislaus County	\$ 2.940
City of Turlock	1.220
Schools	6.680
All Other	.130
Total Combined Rate ..	\$10.970

Tax Levies and Delinquencies

A five-year summary of the City tax rates, levies and delinquencies is shown below. Historically, delinquencies have been very low and continue at a low level.

Fiscal Year	City Tax Rate	Secured Tax Levy	Amount Delinquent June 30	Percent Delinquent
1971/72	\$1.22	\$386,734	\$ 5,298	1.37%
1972/73	1.22	415,179	1,985	0.48
1973/74	1.22	430,197	10,273	2.39
1974/75	1.22	462,328	5,381	1.16
1975/76	1.22	503,763	3,788	0.75

Source: County Auditor's Office.

Table 2

CITY OF TURLOCK

Revenues and Expenditures

	1971/72	1972/73	1973/74	1974/75	1975/76
Revenues					
Property Taxes	\$ 412,182	\$ 536,441	\$ 473,591	\$ 507,302	\$ 561,874
Sales Taxes	500,775	581,770	759,819	878,062	1,038,468
Other Taxes	92,016	105,326	110,404	124,080	140,789
Licenses and Permits	52,300	54,301	36,407	43,780	70,188
Fines and Penalties	76,178	72,545	87,203	93,232	84,913
Use of Money and Property	50,618	91,014	176,626	182,309	98,381
From Other Agencies	1,867,584	2,102,187	834,401	746,464	1,363,784
Current Service Charges	489,656	522,197	621,236	603,401	655,551
Other Revenues	289,275	195,428	546,883	421,737	394,047
Total Revenues	\$3,830,584	\$4,261,209	\$3,646,570	\$3,600,367	\$4,407,995
Expenditures					
General Government	\$ 765,993	\$ 881,297	\$ 864,983	\$ 937,339	\$1,232,549
Public Safety	455,563	492,378	575,668	647,319	853,379
Public Works	498,684	521,494	621,782	693,407	935,207
Contributions to City Enterprises ..	—	577	19,222	—	86,802
Parks and Recreation	147,829	155,333	193,001	252,599	308,722
Total Expenditures	\$1,868,069	\$2,051,079	\$2,274,656	\$2,530,664	\$3,416,659
Capital Outlays	\$1,469,883	\$1,746,693	\$ 964,194	\$1,375,762	\$1,185,515

Source: State Controller Reports.

Bonding Capacity and Debt Statement

As a general law city, the City's debt limit is equal to 15 percent of its taxable assessed valuation. Based upon the 1976/77 assessed valuation of \$59,330,106, the City's general obligation debt limit is \$8,899,515. Upon delivery of the \$2,500,000 1977 Sewer Bonds, the City's total direct general obligation debt will be \$4,370,000.

Table 3 presents a statement of direct and overlapping bonded debt of the City of Turlock, including the \$2,500,000 of bonds currently being offered for sale. While these sewer bonds are secured by ad valorem taxes, it is anticipated that sewer service charges will be increased to a level sufficient to meet total annual bond service with no increase in existing ad valorem tax rates.

Table 3

CITY OF TURLOCK

Statement of Direct and Overlapping Bonded Debt

Estimated Population (1976)	18,350		
1976/77 Assessed Valuation	\$ 59,330,106		
Estimated Market Value	\$261,361,000 ^①		
	Percent Applicable	Debt Applicable January 18, 1977	
Stanislaus County	6.737%	\$ 105,097	
Yosemite Joint Junior College District	4.995	28,971	
Turlock Joint School District	72.442	425,959	
Turlock Irrigation District	9.300	2,760,000	
City of Turlock Parking District No. 1	100.000	325,000	
City of Turlock	100.000	4,370,000 ^②	
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$8,015,027	
Less: Turlock Irrigation District (100% self-supporting from power revenues)		2,760,000	
City of Turlock sewer bonds (25% self-supporting)		1,092,500 ^②	
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT ..		\$4,162,527	
	Ratio to }	Assessed Valuation	Estimated Market Value
Assessed Valuation	—%	—%	Per Capita
Gross Direct Debt	7.37	1.67	\$3,233
Net Direct Debt	5.52	1.25	238
Gross Direct and Overlapping Debt	13.51	3.07	179
Net Direct and Overlapping Debt	7.02	1.59	437
			227

① The State Board of Equalization reports that 1976/77 Stanislaus County assessed valuations average 22.6 percent of full value. Public utility property (\$2,733,110) is assessed at about 25 percent of full value.

② Includes \$2,500,000 to be sold January 18, 1977.

City Sewer Service Charges

On June 1, 1976, the City Council adopted Resolution No. 76-115, establishing new sewer fees and charges. The rate schedule is an implementation of the Council's stated policy of moving the sewer system toward an entirely self-supporting status.

Subsequent to the sale of the 1977 Sewer Bonds, the City Council intends to review the entire sewer rate structure and again adjust the charges to meet increased costs and bond service.

Charges for residential service are established on the basis of fixture units determined by the discharge capacity of drains and plumbing fixtures. For example, the following table represents the type of equivalent:

Fixture	Fixture Units
Bathtubs	2
Shower, Single Stall	2
Wash Basin, residential	1
Water Closet, residential	6

Residential Users:

(1) Schools: \$0.80 per pupil per year as determined on the school enrollment on the first Monday of October of each year, plus \$15.20 per school per year.

(2) Single-Family and Other Residences — Monthly Sewer Service Charge (per living unit):

Fixture Units	Monthly Charge
15	\$2.40
16- 20	2.80
21- 25	3.20
26- 30	3.55
31- 35	3.95
36- 40	4.35
41- 45	4.70
46- 50	5.10
51- 55	5.50
56- 60	5.85
61- 65	6.25
66- 70	6.65
71- 75	7.00
76- 80	7.40
81- 85	7.80
86- 90	8.15
91- 95	8.55
96-100	9.00

Over 100 @ \$4.60 for each 5 fixture units per year plus \$15.20 per account per year

(3) Churches and other residential users: Same as single-family residence charges.

Commercial Users:

(1) Restaurants: \$2.20 per regular seat of seating capacity per year, plus \$15.20 per account per year.

(2) Hospitals: \$11.50 per bed per year plus \$15.20 per account per year.

(3) Laundromats, commercial laundries and metered commercial users.

(a) Up to 250 mg/1 of BOD and/or SS: \$0.21/1,000 gallons discharged,

(b) Plus for each 100 mg/1 of BOD in excess of 250: \$0.014/1,000 gallons discharged,

(c) Plus for each 100 mg/1 of SS in excess of 250: \$0.019/1,000 gallons discharged,

(d) Plus \$15.20 per account per year.

(4) All others: \$4.60 per five fixture units per year plus \$15.20 per account per year.

Industrial users are charged a monthly service fee based on the volume of water an industry uses. Industrial users are charged for sewer service on the following basis:

Industrial Users:

(1) Substantial Industrial Users:

(a) Reserve capacity for the average daily flow during the maximum month of the last full year of operation: \$12,115 per million gallons per day per year plus \$0.7645 per pound of BOD per day per year, plus \$0.3664 per pound of SS per day per year, plus \$15.20 per industry per lot per year.

(b) Usage: \$59.8973 per million gallons plus \$12.7730 per 1,000 pounds of BOD plus \$12.1713 per 1,000 pounds of SS.

(2) Other Industrial Users:

(a) Up to 250 mg/1 of BOD and/or SS: \$0.21 per 1,000 gallons discharged,

(b) Plus for each 100 mg/1 of BOD in excess of 250, \$0.014 per 1,000 gallons discharged,

(c) Plus for each 100 m/1 of SS in excess of 250, \$0.019 per 1,000 gallons discharged,

(d) Plus \$15.20 per account per year.

Sewer Connection Charges

In addition to the monthly sewer service charges, Resolution No. 76-115 also provides for sewer connection charges. The connection charges are established to reimburse the City for capital costs and are collected in accordance with the following schedule:

A. Sewer Connection:

Size of Line	Charge
4-inch	\$75.00
Larger Sizes (and shall include a manhole)	Actual cost + 10%

B. Sewer Lateral Charge:

(1) Single-Family Residence: @ \$150.00 or three dollars (\$3.00) per front foot of street frontage, whichever is greater (for the purposes of this section, the frontage of corner lots shall be the sum of the two frontages less 100 feet).

(2) All other developments: Three dollars (\$3.00) per front foot of street frontage of the

lot plus three dollars (\$3.00) per front foot of the lot located adjacent to or abutting an alley, court, place, easement or other non-street right-of-way in which there is an existing sewer line at the time of development.

C. Sewer Main Charge:

Fixture Units	Charge Per Unit
Up to 15	\$5.00
Next 16 to 50	\$2.50
All over 50	\$1.25

Sewer System Revenues and Expenditures

Table 4 reviews sewer system revenues and expenditures from the years 1972/73 through 1975/76. During this period, net revenues available for bond service and capital outlay averaged approximately 79% of the bond service on outstanding general obligation sewer bonds. The remaining 21% of bond service was met from General Fund revenues.

Table 4

SEWER SYSTEM REVENUES AND EXPENDITURES^①

	1972/73	1973/74	1974/75	1975/76
REVENUE				
Sewer Service Charges	\$303,331	\$414,555	\$451,962	\$479,233
Connection Fees	5,533	2,240	4,005	9,933
Construction Fees	38,174	21,323	31,296	63,824
Total	\$347,038	\$438,118	\$487,263	\$552,990
OPERATING EXPENSES				
Salaries	\$ 56,540	\$101,893	\$119,025	\$162,558
Supplies	21,340	31,041	98,886	106,934
Utilities	23,447	47,849	56,436	127,933
Miscellaneous	1,493	7,691	11,760	14,540
Total	\$102,820	\$188,474	\$286,107	\$411,965
NET REVENUE BEFORE BOND SERVICE OR CAPITAL OUTLAY				
	\$244,218	\$249,644	\$201,156	\$141,025
DEBT SERVICE FOR SEWER BONDS	\$293,580	\$283,550	\$241,815	\$233,227
SELF-SUPPORTING PERCENTAGE OF BOND SERVICE	83.2%	88.0%	83.2%	60.5%

^① Excerpted from City of Turlock annual audit reports.

City Employee Retirement Program

The City's employees are members of the State of California Public Employees Retirement System and contributions of employees and the City are paid to this fund. The City's pension expense for the year ended June 30, 1976, was \$281,035.

The State of California Public Employees' Retirement System was originally established in 1931. The System is governed by an eleven member Board of Administration. Administrative functions are carried out under the direction of an Executive Officer with a current staff of approximately 475. As of June 30, 1975, there were 535,786 members of which approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately 33% of the members are state personnel and the balance (67%) are public agency personnel. As of June 30, 1975, the System provided retirement, death and survivor benefits under 901 contracts for about 1,900 public agency employees (cities, counties, and other public agencies) with 356,517 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules. The annual contribution by the State of California for the 1974 and 1975 fiscal years, as reported by the State Controller, was \$162,649,578 and \$231,057,854, respectively. The

System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Coopers and Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years.

Total assets of the System at June 30, 1975 were \$7,010,663,041, according to the Annual Report of the State Controller. Of this amount, net assets of \$6,970,264,122 were available for benefits. Comparable figures for June 30, 1974 were \$6,233,924,599 and \$6,207,963,069, respectively. The unfunded obligation of the System was determined to be \$4,907,998,387 at June 30, 1974 by the independent auditors. This represents the present value of future state contributions of approximately \$2.8 billion and other member contributions of approximately \$2.1 billion. The total unfunded obligation does not take into account the provisions of Chapter 187, Statutes of 1975, which prescribed a new increased contribution rate by the state with respect to state miscellaneous members. The comparable amount for June 30, 1975 is not available.

The amount of the respective unfunded liabilities will vary from time to time depending upon the actuarial assumptions utilized, rates of return and salary scales. The present System policy is designed to satisfy the unfunded obligation by the year 2000.

THE CITY AND ITS ECONOMY

The City of Turlock, an important residential, commercial, industrial and agricultural center, is located in the San Joaquin Valley of California approximately 100 miles southeast of San Francisco, 90 miles south of Sacramento and 300 miles north of Los Angeles. Incorporated in 1908, Turlock covers 6.2 square miles and has a population in excess of 18,000.

The city has a warm dry climate, typical of California inland communities. The mean temperature ranges from a maximum of 76 degrees to a minimum of 44 degrees. Winters are mild and summers are warm. Rainfall averages approximately 12 inches per year.

Historically, the city has served as a major food processing, packing, and marketing center for a number of diversified farm products produced in Stanislaus County, one of the leading agricultural counties in the United States. It is anticipated that the city will continue to serve as a major processing and shipping point due to its location on U.S. Highway 99 and on the main lines of the Southern Pacific and the Tidewater Southern Division of the Western Pacific.

Turlock also serves as a major commercial and trading center for southern Stanislaus and northern Merced Counties. The city's businesses, which are concentrated in a 27-block central district, accounted for more than \$79 million of taxable sales in 1975, an increase of more than 73 percent since 1971.

A substantial impetus for additional growth and development of the city has been provided by California State College, Stanislaus, which is located on a 230-acre site north of the city's center. The college, with an enrollment of 3,200, serves a 6-county area in the northern San Joaquin Valley. The \$55,000,000 planned campus will serve an ultimate enrollment of more than 10,000.

Population and Housing

Since the decade of the fifties, Turlock's population has grown at a faster rate than that of the county. From 1970 to 1976 the rate of expansion has been almost double the rate for Stanislaus County, as shown in the accompanying tabulation of population data dating from the 1940 Federal Census. According to the Turlock Chamber of Commerce, the establishment of California State College, Stanislaus, at its new campus in Turlock in 1965 contributed to a sharp increase in population.

POPULATION DATA

Year	City of Turlock	Percent Change	Stanislaus County	Percent Change
1940	4,839	—	74,866	—
1950	6,235	28.8%	127,231	69.9%
1960	9,116	46.2	157,294	23.6
1970	13,992	53.5	194,506	23.7
1976	18,350	31.1	227,100	16.8

Sources: 1940-1970 U.S. Bureau of the Census.

1976—January 1 estimate by State Department of Finance.

The 1970 Census of Housing reports that 82 percent of the city's housing units were single-family dwellings, and 58 percent were owner-occupied. Median home value was \$16,800, compared with \$16,200 in Stanislaus County. Median rental was \$90 monthly, compared with a countywide median of \$83.

The average 1970 family income in Turlock was \$10,553 (county \$10,085).

Employment

The city lies within the Modesto-Turlock Labor Market Area, reported monthly by the State Department of Employment Development. This labor market encompasses all of Stanislaus County. At September 1976, total civilian employment for county residents was 107,800, an increase of 3,800 over the previous September. The unemployment rate was 7.2% (compared with 7.1%).

Of the 80,800 wage and salary workers in the Turlock labor market, nearly a third are in manufacturing. At this time of year, employment in food

processing plants is unusually high. The next largest sources of employment are trade, government, and services, in that order.

A distribution of wage and salary employment by industry is shown below.

Modesto-Turlock Labor Market

Wage and Salary Employment by Industry

Industry	September 1975	September 1976
Construction	3,700	4,000
Manufacturing	28,200	26,900
Nondurable goods	24,500	23,400
Durable goods	3,700	3,500
Transportation, communication, and utilities	3,400	3,500
Trade	15,000	15,500
Wholesale	2,700	2,900
Retail	12,300	12,600
Finance, insurance, and real estate	1,900	1,800
Services	14,000	14,400
Government	14,300	14,600
Other	100	100
Total Wage and Salary Employment	80,600	80,800
Agriculture	13,300	15,600

Source: California Department of Employment Development.

The public and institutional sectors provide a desirable degree of stability to employment in the area. Over 1,600 persons are employed by the following agencies and institutions: Stanislaus State College (340); Turlock Irrigation District (335); Emanuel Hospital (235); Community Hospital (150); the Turlock School Districts (425), and City of Turlock (125).

Industry

Agriculture has long been a dominant factor in the economy of Stanislaus County and the development of the City of Turlock as a trade and industrial center. Expansion during the last twenty years has been closely related to technological developments in the food processing industry relating to poultry processing, fruit and vegetable canning, food dehydration, and beverages. Inexpensive water, electric power, and the availability of land have attracted an increasing number of nonagricultural industries to the area.

Banquet Foods Corporation is a major frozen food and frozen dinner processor whose products are marketed nationally under the Banquet label. The firm employs 600 people full-time, making it the city's largest employer. Tri-Valley, operating the largest fruit and vegetable cannery in the Turlock area, employs approximately 800 persons during the peak harvest months.

The largest independently-owned turkey processing plant in the United States, Valchris, Inc., has been located in the city for more than 45 years. The company packages and ships turkeys throughout the United States, Europe, and the Near and Far East. Armour Creameries operates a major poultry processing plant which processes and distributes Armour Poultry to the entire west coast, employing 325 on a full-time basis.

The Snider Lumber Products Company, Inc. employs 250 persons and wholesales more than 30 million board feet of lumber and 8 million board feet of cut-up stock annually. The International Paper Company has a modern \$2,500,000 plant in Turlock which produces plastic-coated milk containers for thirteen western states, including Alaska and Hawaii.

Rogers Brothers Company of California employs 300 persons during the year in the dehydration of vegetables for canners and soup mix manufacturers.

Varco-Pruden Inc. employs 160 in the fabrication of steel building components at the Turlock Chamber of Commerce Industrial Park.

There are 1,500 acres in the city limits zoned for light and heavy industry. The Turlock Industrial Park (5 acres) was opened in 1967, and Turlock Chamber of Commerce Industrial Park (20 acres) opened in 1970. The Tidewater Southern Railroad has earmarked a 157-acre section west of Turlock as the site of a future industrial park.

The principal employers in Turlock are listed on page 13.

Agriculture

Farm lands in Stanislaus County are extremely fertile and enjoy an extended growing season. In combination with an abundant and inexpensive water supply, they insure a highly profitable agricultural economy.

During the past two years the average annual value of agricultural production in Stanislaus County has exceeded \$400 million, ranking the county among the nation's top twenty in farm output.

CITY OF TURLOCK

Major Employers

Company	Product/Service	Employment
Armour Creameries	Poultry processing	325
Tri-Valley	Canners (seasonal)	45-800
Rogers Brothers Co.	Dehydrated vegetables	300
Banquet Foods	Frozen foods	600
Valchris Inc.	Poultry processing	50-300
Turlock School Districts	Education	425
California State College, Stanislaus	Education	340
Turlock Irrigation District	Water and electricity utility	335
Snider Lumber Co.	Wholesaler	250
Turlock Fruit Co.	Growers and shippers	250
Emanuel Medical Center	Medical care	235
Valley Fresh Foods, Inc.	Turkey processors	180
Varco Pruden, Inc.	Steel building members	160
Community Hospital	Medical services	150
City of Turlock	Government	125
International Paper Co.	Containers	71
Cuckler Building Systems	Steel fabricating	50
Pacific Telephone Co.	Utility	64
Gemperle Farms	Egg processing, almonds	75
Peterson Manufacturing Co.	Tallow, bone meal	50
Rainbow Farms	Egg production	80
Rudnick Packing Co., Inc.	Meat packing	60
Thorsens Plumbing and Sheet Metal	Heating, air conditioning	60

Source: Turlock Industrial Directory.

For many years livestock and animal products have accounted for more than half the total annual gross value of farm production in Stanislaus County. In 1975 milk headed the list, with a gross value of \$88,447,000, followed by chickens, chicken eggs, and cattle and calves.

Important crops in the county are peaches, tomatoes, almonds, alfalfa, apricots, and walnuts. Following is a five-year summary of farm production in Stanislaus County, and a listing of the ten leading farm commodities in 1975.

Stanislaus County

Gross Value of Agricultural Production

(Thousands of dollars)

Commodity Group	1971	1972	1973	1974	1975
Field Crops	\$ 38,925	\$ 42,880	\$ 66,946	\$ 68,017	\$ 59,783
Seed Crops	706	291	458	480	774
Vegetable Crops	22,188	25,218	26,818	33,673	39,567
Fruits and Nuts	52,679	55,955	86,964	80,902	79,990
Nursery Products	3,679	4,416	4,493	5,223	5,841
Livestock and Poultry	59,296	65,072	87,436	93,004	83,845
Animal Products	65,543	75,368	105,684	127,098	124,415
Apiary Products	271	341	731	1,142	1,205
TOTALS	\$243,287	\$269,541	\$379,530	\$409,539	\$395,420

Source: County Department of Agriculture.

Stanislaus County**Leading Farm Commodities 1975**

Commodity	Gross Production Value
1. Milk	\$88,447,000
2. Chickens	45,811,000
3. Eggs (chicken)	35,447,000
4. Cattle and calves	30,270,000
5. Peaches	27,972,000
6. Tomatoes	21,177,000
7. Almonds	14,763,000
8. Alfalfa	13,492,000
9. Apricots	11,802,000
10. Walnuts	11,610,000

Source: County Department of Agriculture.

Construction Activity

Building permit valuation in the City of Turlock topped \$13 million in the January-October 1976 period, higher than for any previous annual total, and almost half again as high as the total for all of 1975.

Since 1971 the city has issued building permits for over 2,200 housing units. Slightly over half of this total consisted of multiple units. This contrasts with the situation in the 1970 Census of Housing, when over 82 percent of all housing units were single-family dwellings. The explanation probably can be found at California State College, Stanislaus, where many faculty members and students require multiple-unit housing.

The following exhibits present building permit valuation in the city by years since 1971, and large building permits issued in the first ten months of 1976.

**CITY OF TURLOCK—Building Permit Valuation
(\$000 omitted)**

Type	1971	1972	1973	1974	1975	1976 (10 Mos.)
Residential	\$ 6,358	\$ 8,942	\$4,410	\$3,844	\$5,979	\$10,806
New Commercial	367	1,815	948	799	937	953
New Industrial	441	388	105	14	243	355
All Other	3,752	666	731	982	1,789	971
Total Value	\$10,918	\$11,811	\$6,194	\$5,639	\$8,948	\$13,085
Number of New Dwelling Units:						
Single-Family	143	155	158	167	191	240
Multi-Family	310	536	60	22	17	237
Total Units	453	691	218	189	208	477

Source: *California Construction Trends*, Security Pacific Bank.

CITY OF TURLOCK—Large Building Permits, January-October 1976

Description	Owner/Builder	Permit Value
Industrial	Valchris Inc.	\$ 130,000
Church	First United Presbyterian	207,113
Office building	United California Bank	361,245
Condominiums (8)	Dr. Glen Brown	133,407
Apartments (104)	Evangelical Covenant Church (retirement housing)	1,700,000
3-4 Unit dwellings (16)	Les Sutherland	253,212
Office building	Delbon Medical Assn.	203,818
Industrial	Pacific Telephone Co.	174,000
Apartments (14)	Tom Reeser	245,107
Offices and shop	Thorsens Plumbing	193,777
Office building	Ernest Threet	217,248
Condominiums	Tom Reeser	166,909

Source: *California Construction Trends*, Security Pacific Bank and City of Turlock.

Commercial Activity

The City of Turlock serves as the shopping and trade center to an estimated population of 40,000 in southern Stanislaus and northern Merced Counties. The city's central business district contains a broad variety of retail outlets, commercial offices, and service establishments.

To maintain the position of the business district as a trading center, the city formed an off-street parking district, which now provides approximately 500 un-metered spaces and allows free parking for shoppers. In addition the city has carried out a business district landscaping and beautification program.

The city is served by branches of the following banks: Bank of America N.T. & S.A., Bank of California, United California Bank, Security Pacific National Bank, and Wells Fargo Bank. In addition, the State Savings and Loan Association, Tahoe Savings, and Fidelity Savings and Loan Association maintains offices in the city.

Taxable transactions in the city have reached an annual level of more than \$80 million, an increase of approximately \$25 million over the levels of three years ago. The following tabulation presents annual totals since 1971.

CITY OF TURLOCK

Taxable Transactions 1971-76

(\$000 omitted)

Year	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1971	223	\$37,799	423	\$45,650
1972	223	45,129	420	55,385
1973	240	52,664	456	65,163
1974	246	57,764	469	73,604
1975	249	64,027	509	79,068
1976 (6 months)	260	34,531	523	43,480

Source: State Board of Equalization.

Transportation

The City of Turlock is traversed by State Highway 99, a major north-south route linking principal cities of the Central Valley. Trucking service is provided by eighteen common carriers and one contract carrier with guaranteed overnight delivery to Los Angeles and San Francisco. Regularly scheduled Greyhound and Continental bus service is available in the city.

Turlock is directly served by two railroads: the Southern Pacific, and the Tidewater Southern, a branch of the Western Pacific system. The Port of Stockton, 45 miles north of the city, can be reached by both rail and truck. The port provides access to worldwide markets for products produced and manufactured in the Turlock area.

Commercial air transportation is available at the Modesto Municipal Airport, approximately 12 miles north of the city, with regularly scheduled passenger service provided by United Air Lines. There are two local airports available for private planes.

The city sponsors the local Dial-A-Ride bus service within the city limits. It is operated by DAVE Systems, Inc.

Utilities

The City of Turlock provides water and sewer service to domestic, commercial, and industrial users. Electrical service is provided by the Turlock Irrigation District. Pacific Gas and Electric Company and Pacific Telephone Company provide natural gas and telephone service.

Education

The Turlock Joint Elementary School District enrolled 3,239 students in October, 1976, at five elementary schools and two intermediate schools, with a staff of approximately 150 teachers. The Turlock Joint Union High School District had an enrollment of 2,071, including 164 students at a continuation high school. Turlock High's \$1.5 million new build-

ing is staffed by 107 instructors, 8 administrators, a psychologist, 2 speech therapists, and 6 special subject instructors.

An Adult School open to all citizens is operated at Turlock High School. In 1975/76, a total of 1,010 adults availed themselves of this service, which offers both high school and college credit.

More than 500 students attend five parochial schools in the city: Sacred Heart Catholic School, Seventh Day Adventist School, Turlock Christian School, Mid-Valley Baptist School, and Full Gospel Tabernacle.

Modesto Community College, located 13 miles north of Turlock, is a tax-supported two-year institution offering both academic and vocational training in a program designed for post-secondary public education. The school enrolls more than 14,000 students.

California State College, Stanislaus occupies a 230-acre campus in the northern city limits of Turlock. The college was established in 1957 and began instruction in temporary quarters in 1960. The present campus was opened in 1965. A faculty of 160 offers 26 different bachelor's degrees, seven programs for the master's degree, and a variety of teaching credential programs. There is a Performing Arts complex on the campus.

The institution enrolled 3,171 in the 1975/76 school year. An additional 2,800 students participate in 115 extension courses and nearly 1,000 attend summer sessions. The campus is master-planned for an eventual student body of more than 10,000.

Community Facilities

Emanuel Medical Center, a not-for-profit corporation of the Evangelical Covenant Church, is an ultra-modern facility in northeastern Turlock with 110 medical/surgical acute beds, intensive care and post-operative units, and nuclear medicine capabilities. A \$2 million wing has recently been added. Other facilities of the Center include a mental health wing where a full psychiatric staff has developed an extensive treatment program, and Brandel Manor, a 99-bed extended care facility which serves geriatric patients primarily.

Turlock Community Hospital is also a general acute-care hospital with modern facilities. A new 40-bed building is in the final planning stages.

Turlock is the home of the Medic Alert Foundation International, founded by a local physician. This

emblem is worn by nearly a million people throughout the world.

The Turlock Public Library is affiliated with the Stanislaus County Library System, and gives city residents access to a countywide collection of more than 300,000 volumes.

The War Memorial Building in the Civic Center is used extensively for social community meetings, banquets, dances, bazaars, and carnivals.

The police department, quartered in the Police Department-Justice Court Building, has 25 sworn officers, 11 support personnel and a reserve corps of 25.

Three city fire stations are staffed by 18 full-time firemen and 30 volunteers. Equipment includes four pumper trucks, a rescue unit, and a 75-foot aerial snorkel.

The Turlock Journal and Modesto Bee provide local news coverage. Metropolitan newspapers from San Francisco, Oakland, and Sacramento are available daily in the city. Turlock's radio station KCEY broadcasts locally, supplemented by FM and FM Stereo stations at Modesto.

Recreation

City recreation facilities include nine parks, six playgrounds, and two municipal swimming pools. Turlock Golf and Country Club has an eighteen-hole golf course and a swimming pool. The City of Turlock operates Donnelly Park, which is planted with 5,000 redwood trees and contains an artificial lake. In 1969 the city acquired 17 additional acres to permit expansion of the park and lake into a major regional park.

The recently opened Turlock Racquet Club has added 10 tennis courts (four of which are lighted), four indoor handball courts, a swimming pool, sauna, and pro-shop.

The Stanislaus County Fairgrounds, located in Turlock, attracts 180,000 visitors annually to a seven-day exposition. Fair facilities are used year around by various social and civic groups for meetings, dances, conventions and outdoor recreational events. A polo field at the fairgrounds provides a popular addition to the spectator sports available in the area. The annual nine-day Roundup Days celebration draws top professional rodeo cowboys.

The New Don Pedro project, located approximately 40 miles east of Turlock, provides extensive recreational opportunities. The lake created by the construction of the New Don Pedro Dam has a shoreline of approximately 160 miles when filled.

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